

SIUE PROJECT MANAGEMENT SYMPOSIUM  
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PROJECT MANAGEMENT EXCELLENCE:  
TOUGH TIMES AND TOUGH ANSWERS

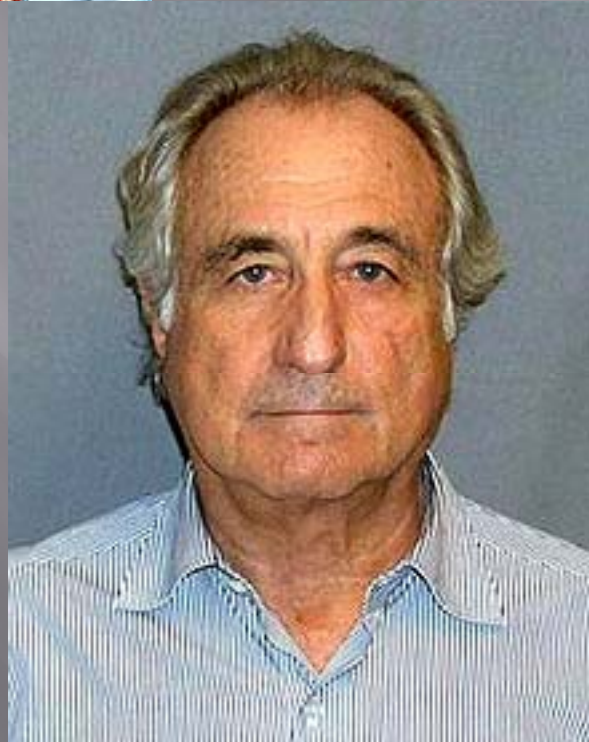
ETHICS IN PROJECTS

Barbara Strang, PMP

Jim Bostick PMP

Ozzie Lomax, PMP

# Why Ethics?



# Barbara Strang

*Many people believe that embracing ethics would limit their options, their opportunities, their very ability to succeed in business.*

**Convictions/Values:** A set of beliefs that guide you.

**Morals:** A set of rules of conduct.

**Ethics:** A system of moral principles which define the rules of conduct to show respect and responsibility for humanity and nature, and to treat others with honesty and fairness.

**Social Responsibility:** One aspect of the overall discipline of business ethics in which business has a role in cultivating and maintaining ethical practices in society and the natural environment.



What are your convictions?

**What are your morals?**

Where do you stand?

**What do you value?**

For what are you responsible?

**What are your biases?**

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**What are your ethics?**



## Choices:

*There are many more than two!*

- **Ethics & Proprietary Information**
- **Ethics & Accountability**



## ETHICAL VS. LEGAL

1. Ethical and Legal
2. Ethical but Not Legal
3. Not Ethical but Legal
4. Not Ethical and Not Legal

# Jim Bostick

*Companies that are dedicated to doing the right thing, have a written commitment to social responsibility, and act on it consistently are more profitable than those who don't.*



# Bidding

- ▣ “Bid it low – make it up on change orders”
  - Is dishonest from the start
  - Does not represent fair and ethical competition
  - Can “mark” you on future bids (low-baller)
  - Range estimates vs. single point estimates
- ▣ Honest and fair
  - Cut costs where possible, but be real
  - Be prepared to execute to your bid
  - Maintain open communications

# Contracting

- ▣ Goods and services
  - Look for good prices, but be fair (best value, not necessarily lowest cost)
  - Ensure prompt payment, especially to small businesses
  - Live up to the terms and conditions of the contract
  - Be honest about problems and issues
- ▣ Such a thing as “excessive profit”?

# Teaming

- ▣ You and your teammates (subcontractors) are in this together
  - Your teammates are not scapegoats or whipping boys – treat them as partners
  - Treat teammate personnel the same as your employees
  - Maintain open and honest communications
  - Remember: you are responsible

# Ozzie Lomax

*You can't capitalize on an opportunity you receive on the outside until you've done the groundwork on the inside.*



# Ethics and Inclusion

- ▣ Respect and tolerance for different ideals
  - Culture, education, socio-economic, hierarchy, political, protected classes, etc.
  - Personality Style: Introvert/Extrovert, Fast/slow thinking
    - ▣ Direct
    - ▣ Inspirational
    - ▣ Social
    - ▣ Calculating/Cautious
  - “The World is Flat” – Thomas Friedman

# Ethics and Bearer of Bad News

- ▣ Hiding the facts
  - “No news” is not “Good news”
  - Accurate scope, cost, schedule reporting
- ▣ Agile Project Management trend
  - Reactive vs. leading indicators
- ▣ Releasing contingency after the risk trigger passes without incident



# Ethics and Bearer of Bad News

- ▣ Shooting the Messenger
  - Adding scope without adding resources
  - Rejecting scope change from project sponsors
- ▣ Exit strategy:
  - To cancel the project
  - To admit you have a out of control project
  - To keep the project on life support
- ▣ “Trust but Verify” – President Ronald Reagan
  - Performance Bonds
  - Lien Waivers
  - Payment Retention



# Ethics and Documentation

R<sup>3</sup> = Records Retention Requirements

- Know your corporate policy vs. “Pleading the 5<sup>th</sup>”
- Documenting key decisions, commitments, and action items
- Document overkill and appropriate trust
- Full disclosure vs. Need to know basis



# Ethics and Performance

## ▣ Performance Interviews

- ▣ People tend to give “preferred references”
- ▣ Simons “Bounded Rationality”
- ▣ Standard referral listing or “Top 5” projects from current or previous year

## ▣ Reward and Recognize

- ▣ Best way to reward and terminate project managers
- ▣ Multifaceted sanctions formal (firm) + informal (personal) + moral legitimacy work best



# Summary

- ▣ Jim – Honesty and Open Communication
- ▣ Ozzie – Inform and Include
- ▣ Barb – R-e-s-p-e-c-t

“Ethics is about how we meet the challenge of doing the right thing when that will cost more than we want to pay.” - The Josephson Institute of Ethics